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FOURTH WORLD COFFEE PRODUCTION ESTIMATE DOWN 2 PERCENT

Summary

With harvesting seasons in most producing countries largely completed, the fourth estimate of world coffee production in 1977/78 is 68.5 million bags (60 kilograms each). This is down 1.16 million bags, or about 2 percent, from the third estimate, but is up 7 million bags, or 11 percent, from the 1976/77 world outturn. Two countries—El Salvador and Guatemala—account for most of the decrease, as adverse weather conditions (mainly lack of timely rainfall) reduced yields sharply from previous expectations. Based on past performance, it is likely that the fourth estimate of total production will not vary more than 3.2 percent from the final estimate for the year.

Exportable production—which represents total harvested production less estimated domestic consumption in producing countries—is estimated at 50.8 million bags, down 1.19 million bags from the preceding estimate for 1977/78, and compares with 44.4 million bags in 1976/77.

Aside from El Salvador and Guatemala, only Costa Rica, the Ivory Coast, and Kenya show significant changes in 1977/78 from the data previously reported. Current estimates for the countries with major changes, with previous estimates in parentheses (in 1,000 bags): El Salvador, 1,800 (2,350); Guatemala, 2,040 (2,550); Costa Rica, 1,410 (1,310); Ivory Coast, 3,333 (3,600); and Kenya, 1,447 (1,367). The higher estimate for Costa Rica is based on official data on coffee harvested through February. The crop in the Ivory Coast has been reduced from the third estimate as the outlook remains bleak because of drought conditions early in the season. Kenya's 1977/78 crop continues to look better as the season progresses, aided by excellent rainfall in January. There is no change in the estimate for Brazil's 1977/78 crop at 17 million bags compared with 9.3 million in 1976/77.

Green coffee prices continued to fall in February with the International Coffee Organization (IOC) composite price (basis 1968 ICA) for green coffee averaging \$1.91 per pound, ex-dock, New York down 9 cents from January and 60 cents less than the average monthly price a year earlier. For calendar 1977, however, the composite price averaged \$2.56, sharply higher than the 1976 average price of \$1.42. Based on U.S. Bureau of Labor Statistics data, the wholesale price of a 1-pound can of coffee in January 1978 was \$3.29, the same as in December but well below the \$4.00 high reached in June 1977. Corresponding retail prices for the same months were \$3.48, \$3.52, and \$3.94 per pound.

U.S. green coffee imports for calendar 1977 totaled 14.8 million bags valued at \$3.86 billion. This was one-fourth lower in volume than 1976 imports of 19.8 million bags, but the total value was up 47 percent.

The ICO Working Group to review trigger prices for the introduction of export quotas met in London, February 21-23. No specific conclusions were reached during this preliminary session.

On March 10, 8 Central American producers of Mild Coffees, including Mexico, Venezuela, and the Dominican Republic, announced a joint decision to withhold immediately 4 million bags of coffee from the market to try to reverse the downward movement in green coffee prices.

Production

NORTH AMERICA

Production of coffee in North and Central America for 1977/78 has been revised downward, and is now estimated at 13.7 million bags with exportable production at 10.1 million bags. Reductions of more than 500,000 bags from previous estimates for both El Salvador and Guatemala are the main reasons for the decline in regional output. Total and exportable productions for North and Central America in

1976/77 are estimated at 13.9 and 10.7 million bags, respectively.

A number of Central American countries, including Mexico, met in El Salvador on March 9 and 10 to discuss relevant coffee matters. Reportedly, the original members of the group—Mexico, El Salvador, Guatemala, Nicaragua, Costa Rica, Venezuela, the Dominican Republic, and Honduras—invited other interested producers to attend the meetings. In addition to the current price situation, other topics to be discussed included plans to cross-check production and stock figures to determine regional export availability of coffee, as well as price trigger adjustments under Article 33(3) of the International Coffee Agreement (ICA). Because of the sharp fall in world prices compared with year-earlier levels, a number of these countries reportedly suspended coffee exports late in February pending a further assessment of the market situation during the March meetings. According to a joint communique issued by the group on March 10 (as reported by the press), the eight producing countries agreed to withhold 528 million pounds (approximately 4 million bags) from the market, effective immediately, to try to push prices higher.

Costa Rica's crop is now estimated at 1.41 million bags, about 8 percent higher than in 1976/77 and that previously estimated for 1977/78, because of favorable weather conditions. As of the end of February, over 90 percent of the estimated crop had been picked. About 40 percent, or 564,000 bags of the 1977/78 crop, had been contracted for export through January 31 at an average price of \$1.76 per pound.

In 1976/77, Costa Rica exported 1,129,250 bags of green coffee valued at \$309.8 million. This was about the same volume as the 1,127,000 bags exported in 1975/76, but the value was up sharply. In both years, the same five countries accounted for more than 70 percent of total export volume. These countries, with percentage of total volume of exports for 1976/77 (1975/76 in parentheses) are: Federal Republic of Germany, 25 percent (24 percent); United States, 17 percent (13 percent); Netherlands, 17 percent (13 percent); Finland, 14 percent (14 percent); and Sweden, 6 percent (10 percent).

The Coffee Office requires that 18 percent of the 1977/78 crop be retained for the domestic market—14 percent for consumption and 4 percent for contingency purposes.

The Minister of Economy has announced that Costa Rica will join the "Other Mills Coffee Company" as soon as it is set up. The intended purpose of the Company is to act as an institution to stabilize prices aimed at avoiding price drops that will damage the economies of the producing countries. Reportedly, Mexico, El Salvador, Guatemala, and

Venezuela are carrying the main initiative to form the Company.

As of February 7, the Government canceled the \$2.00-per-pound minimum export registration price that went into effect in October 1977. As of that date, local export companies were free to follow the market. On March 10, Costa Rica presumably again began to withhold coffee from the market in line with the joint decision reached by the Central American producers.

Dominican Republic's 1977/78 coffee crop is estimated at 1 million bags, unchanged from the preceding estimate but 40 percent larger than in 1976/77. Much of the Dominican coffee is grown in the semiwild state in extremely rough mountainous terrain with minimum attention given to the care of trees. Reportedly, 80 percent of the trees are more than 100 years old. In spite of high prices, the total area in coffee in recent years has remained constant with very few new plantings. Some coffee areas, however, are being rehabilitated under a program initiated in February 1977. At that time it was announced that the equivalent of US\$8 million was made available by the Government to rehabilitate some 30,000 hectares. In some cases, this involved only limited assistance in pruning or clearing of undesirable brush.

Prices paid to producers are directly related to world prices with farmers in mid-February receiving US\$132 per 60-kilogram bag. Domestic consumption dropped off significantly in 1976/77 as a result of high internal prices, which are adjusted from time to time by the Government to reflect international price levels.

Based on recent harvest reports from numerous industry sources and a careful analysis of available data, it appears that El Salvador's 1977/78 crop will be exceptionally low. Total production is not expected to exceed 1.8 million bags, of which 1.6 million bags will be exportable. This is the lowest outturn in some 15 years and is one-third less than the 1976/77 crop of 2.7 million bags.

The dry period following blooming not only caused more widespread bloom drop in the important lower producing regions than had been earlier reported, but also delayed maturing and harvesting. However, it was not until January, when indications that the harvesting season was going to be very short and that beans generally were much smaller and lighter than usual, that the reduced size of this year's crop became fairly clear.

Because of the low crop, exports for 1977/78 are not likely to be much greater than 2 million bags, compared with 2.9 million bags in 1976/77.

Guatemala's 1977/78 coffee crop is now estimated at 2.04 million bags, 510,000 bags less than the preceding estimate for the year. The National Coffee

Growers Association (ANACAFE) and the Government of Guatemala have revised their earlier estimates down sharply. Heavy rains in the highlands area caused considerable blossom loss with correspondingly lower yields. Most of the decrease, however, occurred in the piedmont, or lower coffee areas, where about 70 percent of the coffee is grown. Lack of proper rainfall during critical growth periods in the lowland areas caused significant losses, and the full extent of these losses will be better determined as the season progresses.

Guatemala exported 685,798 bags during October-December 1977, valued at \$159 million. Total exports for the complete 1977/78 marketing year are forecast at 1.9 million bags, including some drawdown of carry-in stocks.

It is estimated that coffee production in Haiti in 1977/78 will be around 550,000 bags, or slightly above the preceding year's total. Heavy rains in the final months of 1977 apparently caused some damage to the crop. In addition, lower coffee prices have tended to reduce producer incentives to maximize the crop with increased production inputs. As of mid-February, producers were receiving about \$1.00 per kilogram of green coffee. This compared with an average price to farmers of about \$1.90 per kilogram in 1976/77.

Drought toward the end of 1976 and lasting through April 1977 is the primary reason for the decline in 1976/77 output from 1975/76 levels. Exports in 1976/77 totaled 264,767 bags, down 40 percent from the high level attained in the previous marketing year. In 1977/78, exports are forecast at about 350,000 bags.

Haitian coffee yields are among the lowest in the world—only about 275 kilograms per hectare. The first complete year of the GOH/USAID-sponsored 5-year coffee rehabilitation program was 1975/76. This program, which included fertilizer applications and technical and other assistance to coffee producers, is expected to have a positive effect on yields.

Coffee production in Jamaica for 1977/78 is estimated at 22,670 bags, 21 percent above the 1976/77 output. Adequate rainfall and an up-year in the production cycle are the main reasons for the larger crop. However, excessive rains during July-October 1977 caused some losses. Jamaica exported 15,650 bags of coffee in 1976/77, with about 55 percent going to Japan and 38 percent to the United States. Domestic consumption in Jamaica is relatively high and accounts for a significant portion of the total outturn. Also, Jamaica imported approximately 10,800 bags of coffee from Costa Rica and Trinidad, freeing additional quantities of Jamaican coffee for export.

In 1973, Japan extended a loan of US\$1 million to Jamaica for increasing coffee production. This loan,

utilized to expand coffee plantings in the Blue Mountain area, resulted in a net increase of 142 hectares. The entire production from the increased plantings is to be sold to Japan.

Mexico's estimated 1977/78 crop remains at 4.1 million bags, compared to 3.7 million bags in 1976/77. Reports of dry weather in Oaxaca and parts of Puebla and Chiapas have tended to dampen earlier optimism regarding this year's outturn. However, present indications, based partially on general observations and private trade reports, are that the dry weather does not appear to have seriously lowered crop prospects from current estimated levels. A more accurate assessment of the crop can be made later in the harvest season.

Mexico's Coffee Institute (INMECAFE) began to issue export permits again in December after withdrawing from the market for about 5 weeks. It is understood, however, that shippers have been required to pay an export tax on the basis of a specified New York price that frequently was higher than actual spot prices on the New York market. Because of the continued slump in world prices, Mexico again suspended export sales on February 24.

Higher prices in Mexico for coffee for domestic use reportedly have been detrimental to local consumption patterns. The degree of extending coffee with products such as wheat, chickpeas, and other grains in 1977/78 is not likely to be as high as in 1976/77. However, the generally poor taste of such coffee blends may result in a lower consumption than that previously expected.

INMECAFE also has established a new policy regarding "official" minimum prices for coffee paid to producers. In contrast to the practice last year, when official prices were announced at the beginning of the season and then revised as a result of the sharp rise in prices, the current policy is to base minimum prices on New York closing prices of the preceding Monday and apply that as a base price for the following week.

There are no changes in production estimates for Nicaragua from the preceding report. According to Ministry of Agriculture sources, the Government is going to reduce financial support for its anti-roya (coffee leaf rust) campaign from \$10 million to \$4.4 million because of lack of funds.

The decision, according to reports, apparently was influenced by the fact that other Central American countries and Mexico and Panama have not come forward with financial assistance in the form of funds borrowed by each country from the Central American Bank. Funds provided by other countries were to have been (in millions of dollars): Mexico, \$2.2; Guatemala, \$2.2; El Salvador, \$2.2; Costa Rica, \$2.2; Honduras, \$1.5; and Panama, \$0.5. During 1977, Nicaragua reportedly spent approximately \$9.5 million

fighting the rust. With the proposed reduction in funds, the labor force currently involved in the campaign will be reduced from 2,200 to 1,065 workers.

Nicaragua hopes to contain the rust within the area that has been quarantined since November 1976. However, a severely reduced budget for roya control could adversely affect the program. Some experts have indicated that within 1 year rust may spread throughout Nicaragua and subsequently to other Central American countries.

Coffee production in Panama in 1977/78 is estimated at 82,000 bags, up somewhat from the 1976/77 crop of 78,000 bags. Coffee producers in the province of Chiriqui, which accounts for about half of annual output, report that the current crop, which was about half picked as of mid-February, is one of the best in recent years. Cropland devoted to coffee plantings in 1976/77 is reported at 23,700 hectares with a total of 23.7 million coffee trees. Approximately 83 percent of the trees are in the productive stage.

While the 1976/77 export quota was initially established by the Government at 20,000 bags, all exports were stopped in July 1977. This was done because shortages began to develop on the local market as early as March. Thus, export registrations of the 1976/77 crop totaled only 12,830 bags valued at \$3.2 million. To minimize the possibility of further shortages to the domestic market, the Government set the export limit for 1977/78 at 15,000 bags. The Government also requires that all 1977/78 coffee exports be sold at not less than \$1.56 per pound. For any export sale made at greater than \$1.80 per pound, 50 percent of the amount that exceeds \$1.80 will go into an exporter's fund. The fund will be held by the Government and distributed to producers and exporters at the end of the year. The minimum purchase price paid to the producer for export-type coffee has been set at \$0.95 to \$1.00 per pound, depending on quality.

SOUTH AMERICA

There are no changes in production estimates for 1977/78 or 1976/77 from the preceding report. For 1977/78, total and exportable production for South America remain estimated at 30.4 million and 20.6 million bags, respectively, compared with 22 million and 12.4 million for 1976/77.

Brazil's 1976/77 and 1977/78 production estimates remain unchanged at 9.3 million and 17 million bags, respectively. The outlook for further substantial improvement in Brazil's coffee output for 1978/79 (the crop harvested in April-September 1978) has been clouded somewhat by reports of drought in some of the coffee areas in Parana and Sao Paulo. Independent estimates by the State Departments of

Agriculture in Sao Paulo and Parana of drought damage to coffee crops in these states would tend to reduce the IBC estimate (as shown in the next paragraph) by approximately 15 percent, resulting in a total 1978 crop of around 18 million bags. A more definitive picture as to any significant reduction in the coffee crops in these areas can be determined once the harvesting season gets underway.

On February 4, the Brazilian press published the Brazilian Coffee Institute's (IBC) final production estimate for 1977/78 (1977 crop) and its forecast for 1978/79 (1978 crop), by producing states, in million bags, as follows:

Producing state	1977/78 Final	1978/79 Forecast
Parana.	1.7	5.5
Sao Paulo.	7.6	8.2
Minas Gerais.	5.0	4.7
Esperito Santo	1.0	1.8
Other states	0.7	0.5
Total	16.0	20.7

Brazil's exports of coffee in October-September 1976/77 totaled 14.85 million bags, compared with 13.01 million bags in 1975/76, including the green bean equivalent (GBE) of processed coffee. In calendar 1977, however, Brazil coffee exports totaled only 10.01 million bags (GBE), down sharply from 1976 shipments of 15.6 million. The low level of exports last year was a result, in considerable part, of Brazil's maintaining its minimum export price at \$3.20 per pound through November 1977 even though world prices had dropped sharply from mid-April highs. Thus, July-December exports totaled only 1.62 million bags compared with January-June exports of 8.39 million. Because of higher average prices received in 1977, however, Brazil's total foreign exchange earnings from coffee exports were \$2.64 billion, including \$326 million in processed coffee. This exceeded 1976 coffee earnings of \$2.40 billion, of which processed coffee earnings were \$225 million. In both years, coffee was by far Brazil's leading earner of foreign exchange and in 1977 accounted for about 22 percent of total export earnings.

Based on a resolution signed February 28, the IBC would accept registration of sales declarations for the export of green, ground/roasted, or decaffeinated coffee for shipment from March 1 to May 31, 1978, at the minimum registration price of US\$2.00 per pound. The contribution quota was maintained at \$120 per 60-kilogram bag. The minimum registration price for spray-dried soluble coffee was maintained at \$4.00 per pound and freeze-dried at \$5.00, also for shipment from March 1 to May 31. The contribution quota on both types of soluble coffees was maintained at 60 cents per pound.

On February 15, Brazil reportedly began selling coffee at about \$1.80 per pound, based on a rebate or discount system of approximately 20 cents from the minimum export price of \$2.00. This discount was subsequently increased to 30 cents on March 3, as world prices declined. According to press reports, the rebate system was valid for export sales registered by February 28 and shipped by April 30. Presumably, Brazil resorted to discount sales in view of the relatively poor export performance in January and February, and to help maintain its share of the world market.

Coffee production in Colombia continues to be estimated at 9.8 million and 9.3 million bags, respectively, for 1977/78 and 1976/77. So far, rainfall distribution has been normal for the 1977/78 crop and the estimated output should be achieved, provided weather conditions remain favorable.

With domestic production increasing and exports generally sluggish during 1976/77, Colombia's ending stocks as of September 30, 1977, were around 4.5 million bags, the highest level in the past 5 years. Exports during October-December 1977 totaled about 1.48 million bags, up slightly from 1.45 million bags in the last quarter of 1976. About 448,000 bags of fourth-quarter 1977 shipments went to the United States, with the balance going mostly to European destinations. Contraband coffee shipments for 1976/77 (as well as estimates for 1977/78) are placed at around 500,000 bags. Reportedly, a large volume of this contraband usually reaches the U.S. market through Aruba, a non-coffee producer. Part of the reason for the relatively low level of coffee exports has been the congestion in Colombian coffee ports and the overloaded internal transportation system.

On December 8-9, 1977, the Coffee Growers Federation (CGF) held a national coffee conference in Bogota. Some of the principal decisions and recommendations were:

- The Government should adjust the price of coffee upward for the domestic market to relieve the National Coffee Fund of a heavy subsidy.

- Rejection of the proposal in Congress by which the National Coffee Fund would be separated from the CGF.

- Approval of the CGF budget for fiscal year 1978 of 1.9 billion pesos (about US\$50 million), or 100 million pesos more than in the previous year.

Since May 1977, the CGF through its network of 46 producer cooperatives has been the main buyer and seller of Colombian coffee. Private exporters have engaged on a smaller scale in coffee exports during this period. Private exports have taken place, reportedly, when these exporters have found producers willing to sell below the official price of 7,300 pesos (about \$192) per carga (125 kilograms) of green coffee. The repatriation requirement had not

changed, as of mid-February, and remained at US\$361 per bag of 70 kilograms exported.

Production in Peru in 1977/78 is estimated at 1.05 million bags, up 5 percent from the 1976/77 level. High world prices pushed the value of coffee exports in 1977 to \$200 million, almost double that of 1976. This made coffee the principal agricultural export item and represented 12 percent of the value of total exports.

In contrast to the general depressed state of the Peruvian economy, the coffee sector has done very well. Many producers are using their large profits to upgrade their coffee plantings. The coffee service cooperatives, as well as the five existing coffee cooperative centrals, are improving their processing and transportation facilities, storage capacities, and services to member producers.

Exports of green coffee in October-September 1976/77 are estimated at some 740,000 bags with exports for 1977/78 potentially reaching 800,000 bags. Some contraband movement of coffee also took place in the past 2 years, with the volume in 1976/77 placed roughly at 33,000 bags. The most important customers for Peruvian coffee last year were the United States, Japan, Canada, and Hungary.

Because of sharply higher prices in the past 2 years, coffee service cooperatives have become stronger and recently formed the Peruvian Federation of Coffee Cooperatives. Following their national convention, representatives met with the Minister of Agriculture to press for changes in some of the internal marketing practices. Among others, the proposals included the reorganization of the Government's coffee marketing office to include cooperative delegates who would share in marketing decisions, creation of a coffee cooperative's bank, and reinitiating long- and medium-term loans by the Agrarian Bank for the rehabilitation of coffee plantations.

A new road under construction in the northern part of Peru will allow coffee to be transported by truck from the Department of San Martin to coastal ports. This may encourage increased production in that region, as coffee is now either flown out of the producing area or carried by donkeys or other pack animals.

AFRICA

Total 1977/78 coffee production in Africa is presently estimated at 17.5 million bags, slightly below the third estimate, and about 8 percent less than the 1976/77 outturn. Exportable production in 1977/78 is estimated at 16.1 million bags, compared with 17.5 million bags in 1976/77. A reduction of 267,000 bags in the 1977/78 estimate for the Ivory

Coast more than offset a somewhat higher production estimate for Kenya. Sizable upward revisions in estimates for both countries were made for 1976/77.

Prospects for the 1977/78 crop in the Ivory Coast remain bleak and production is now estimated at 3.33 million bags, almost one-third lower than the 4.8 million bags harvested in 1976/77 and about 7 percent lower than the previous estimate for the current crop.

As of February 3, reported deliveries to market centers were only 1.2 million bags compared with 2.4 million a year earlier. Part of this lag in deliveries is a result of the lateness of the crop, which was retarded by early season drought conditions. Based on the low crop estimate, exports in 1977/78 will not likely exceed 3.7 million bags, or almost 1 million bags less than during the previous marketing year. The guaranteed price to producers for the 1977/78 crop remains unchanged at the equivalent of about US\$1.04 per kilogram.

With continued good growing conditions, Kenyan coffee output for 1977/78 is expected to reach about 1.45 million bags. Main harvesting started during late November and continued through early March 1978. Harvesting of the smaller, early crop begins in April. Heavy precipitation over most parts of Kenya throughout January 1978 has given a great boost to coffee trees, resulting in heavy flowering. At that time there had been no reports of coffee berry disease.

During 1976/77, Kenya had an unsurpassed year, with a record output now placed by the Coffee Board at around 100,000 tons or 1.67 million bags. As of September 30, 1977, some 1.5 million bags had been received by the mills with the balance still in the marketing pipeline.

Total exports of green coffee during 1976/77 (October-September) are estimated at 1.43 million bags valued at about US\$400 million, compared with 1.24 million bags valued at US\$200 million in 1976/77. It is estimated that about 75 percent of the total earnings in 1976/77 went to coffee growers. The main purchasers were the same as in 1975/76; i.e., Federal Republic of Germany, the Netherlands, the United States, Sweden, the United Kingdom, and Finland.

Since the start of the season, prices for Kenyan coffee have continued downward. As of mid-February, buyers showed only limited interest. The overall average price for the period October 1, 1977-January 27, 1978, was £1,475 per metric ton (about \$3.48 per kilogram), compared with £1,751 per ton (about \$4.22 per kilogram) in the comparable period of 1975/76.

ASIA AND OCEANIA

Total coffee production for 1977/78 in Asia is estimated at 6.3 million bags with exportable production at 3.4 million bags, compared with 6 million and 3.1 million bags, respectively, for 1976/77. Papua New Guinea is the only important coffee producer in Oceania and there is no change in the estimate for that country.

Coffee production in India for 1977/78 is estimated at 1.87 million bags, somewhat below that previously reported, but about 5 percent larger than the 1976/77 outturn. The latest Coffee Board estimates for the 1977/78 crop place Arabica production at 1.05 million bags and Robusta production at 733,000 bags. The Coffee Board estimates do not include the usual 92,000 bags (5,500 tons) that are consumed locally and traded outside the pool. Two export auctions were held during December. Quantities placed on sale by the Board for the month were small, since it was the end of the season and almost all supplies had been sold. Prices obtained at the second auction in December were slightly lower than at the first because of reduced buyer interest in the overseas markets.

Other Developments

U.S. green coffee imports for calendar 1977 totaled 14.8 million bags valued at \$3.86 billion. This is one-fourth lower in volume than 1976 imports of 19.8 million bags, but the total value was up 47 percent. Increased U.S. buyer activity was evident in December when imports reached 1.35 million bags, the first month since June that imports of green coffee exceeded 1 million bags. January 1978 imports of 1.7 million bags and early indications for February further substantiated increased U.S. interest in the actuals market.

Percentage shares of the total volume of green coffee imports in 1977 by principal countries and areas of origin, with corresponding market shares in 1976 in parentheses were: Brazil, 17 (16); Colombia, 13 (13); other South America, 8 (8); Mexico and Central America, 27 (22); Africa and Asia, 31 (37); and the Caribbean, 4 (4).

Green coffee prices, exdock, New York, in February averaged \$1.91 per pound, based on the ICO composite price (1968 ICA), compared with \$2.00 in January and \$2.51 in February 1977. The ICO composite price in calendar 1977 averaged \$2.56 per pound, sharply above the 1976 average price of \$1.42. Based on Bureau of Labor Statistics data, the wholesale price of a 1-pound can of coffee in January

1978 was \$3.29, the same as in December but well below the \$4.00 high reached in June 1977. Corresponding retail prices for the same months were \$3.48, \$3.52, and \$3.94 per pound. On March 8, the nation's second largest roaster cut its wholesale price for ground roasted coffee by 15 cents to \$3.03 per pound, reflecting the decline in world prices for green coffee. The price reduction should begin to show up at the retail level in about 60 days or less.

According to Bureau of Census data, inventories of green coffee held by roasters, importers, and dealers on December 31, 1977, were 1.656 million bags, down from 2.638 million on September 30. At the end of 1976, inventories were 2.805 million bags. The total quantity of green coffee roasted in calendar 1977 was 14.298 million bags, compared with 19.063 million in 1976, a decline of 25 percent. Roastings during October-December 1977 of 3.943 million bags, were up from third quarter roastings of 2.364 million, but were 15 percent less than in the same period of 1976.

The ICO Working Group on the feasibility of an international stocking arrangement held its first meeting in London, January 23-26, but the results were largely inconclusive as participants reviewed the wide range of ideas submitted by member countries. Timing of the next meeting of the Working Group was left to the discretion of the Executive Director. The Working Group to review the trigger price level for introducing export quotas met in London on

February 21-23. No conclusions were reached during this preliminary session and no specific proposals were tabled regarding new price ranges or trigger levels. Most of the discussion centered on related papers prepared by the ICO Secretariat on price trends, production, consumption and stocking patterns, and prices paid growers. Subsequent meetings of this Group relative to Article 33(3) of the Agreement are expected to be much more substantive.

According to the March 10 announcement by the eight producers of Other Mild coffees to withhold 4 million bags of coffee from the market, the measure was taken to force the market price for green coffees back to \$2.00 a pound from the prevailing lower levels. According to the report, the measure was not to be interpreted as a boycott and should not result in higher consumer prices. However, the action was for an indefinite time and the countries could resume exports when they believed conditions were right. Reportedly, the 4 million bags represents the quantity of coffee that the eight countries have in reserve for export, with Mexico and El Salvador controlling 60 percent of the total volume.

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COFFEE, GREEN: TOTAL PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1968/69-1972/73, ANNUAL 1973/74-1977/78 ^{1/}
(IN THOUSANDS OF 60 KILOGRAM BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1968/69-1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
NORTH AMERICA:						
COSTA RICA.....	1,319	1,570	1,390	1,305	1,311	1,410
CUBA.....	482	500	450	415	415	415
DOMINICAN REPUBLIC.....	669	845	880	1,040	717	1,000
EL SALVADOR.....	2,254	2,378	3,300	2,328	2,700	1,800
GUATEMALA.....	1,936	2,200	2,540	2,149	2,534	2,040
HAITI.....	519	550	520	650	538	550
HONDURAS.....	624	775	815	843	763	1,134
JAMAICA.....	21	30	21	31	19	23
MEXICO.....	3,245	3,300	3,900	4,200	3,700	4,100
NICARAGUA.....	605	610	700	813	926	925
PANAMA.....	81	72	75	75	78	82
TRINIDAD-TOBAGO.....	55	30	65	42	56	49
US-HAWAII.....	28	19	12	11	13	13
US-PUERTO RICO.....	208	220	200	150	120	150
TOTAL.....	12,045	13,099	14,868	14,052	13,890	13,691
SOUTH AMERICA:						
BOLIVIA.....	116	95	90	100	105	110
BRAZIL.....	18,570	14,500	27,500	23,000	9,300	17,000
COLOMBIA.....	8,030	7,800	9,000	8,500	9,300	9,800
ECUADOR ^{3/}	1,032	870	1,270	1,191	1,389	1,285
GUYANA.....	14	10	15	15	15	15
PARAGUAY.....	51	50	42	40	20	20
PERU.....	970	1,000	900	1,000	1,000	1,050
VENEZUELA.....	942	960	765	1,077	826	1,073
TOTAL.....	29,725	25,285	39,582	34,923	21,955	30,353
AFRICA:						
ANGOLA.....	3,320	3,200	3,000	1,200	1,200	1,400
BENIN.....	16	13	14	14	14	15
BURUNDI.....	324	350	450	295	390	300
CAMEROON.....	1,256	1,260	1,816	1,332	1,250	1,583
CENT. AFRICAN EMPIRE.....	175	190	175	165	165	200
CONGO, BRAZZAVILLE.....	16	10	15	20	20	20
EQUATORIAL GUINEA.....	119	105	110	90	90	100
ETHIOPIA.....	2,079	1,700	2,050	1,900	2,000	2,000
GABON.....	16	9	10	10	10	10
GHANA.....	83	45	50	65	64	70
GUINEA.....	151	105	100	90	90	100
IVORY COAST.....	4,305	3,285	4,500	5,133	4,800	3,333
KENYA.....	993	1,100	1,100	1,230	1,667	1,447
LIBERIA.....	76	65	68	67	83	83
MADAGASCAR.....	999	1,000	1,300	1,200	1,300	1,200
NIGERIA.....	67	38	40	65	53	72
RWANDA.....	208	266	256	300	300	300
SIERRA LEONE.....	108	67	125	83	167	117
TANZANIA.....	865	700	865	850	900	850
TOGO.....	220	180	200	155	190	175
UGANDA.....	3,167	3,100	3,000	2,800	2,700	2,600
ZAIRE (CONGO,K).....	1,226	1,317	1,150	1,383	1,433	1,500
TOTAL.....	19,787	18,105	20,394	18,447	18,886	17,475
ASIA:						
INDIA.....	1,426	1,535	1,630	1,478	1,791	1,875
INDONESIA.....	2,300	2,750	2,675	2,865	2,820	2,953
MALAYSIA.....	77	67	70	100	100	100
PHILIPPINES.....	815	865	1,035	1,080	1,150	1,200
PORTUGUESE TIMOR.....	57	60	75	75	65	75
VIETNAM.....	52	55	60	60	60	60
YEMEN.....	54	25	35	35	35	40
TOTAL.....	4,781	5,357	5,580	5,693	6,021	6,303
OCEANIA:						
NEW CALEDONIA.....	26	25	25	25	25	25
PAPUA NEW GUINEA.....	453	588	633	650	700	617
TOTAL.....	479	613	658	675	725	642
WORLD TOTAL.....	66,818	62,459	81,082	73,790	61,477	68,464

^{1/} Coffee marketing year begins about July in some countries and in others about October. ^{2/} 132,276 pounds. ^{3/} As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1977 in that country is shown as production for the 1977/78 marketing year. In Ecuador, however, this is referred to as the 1976/77 crop.

NOTE: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

COFFEE, GREEN: EXPORTABLE PRODUCTION IN SPECIFIED COUNTRIES - AVERAGE 1968/69-1974/73, ANNUAL 1973/74-1977/78 ^{1/}
(IN THOUSANDS OF 60 KILOGRAM BAGS) ^{2/}

REGION AND COUNTRY	AVERAGE 1968/69-1972/73	1973/74	1974/75	1975/76	1976/77	1977/78
NORTH AMERICA:						
COSTA RICA.....	1,162	1,400	1,237	1,152	1,127	1,223
CUBA.....	45	50	---	---	---	---
DOMINICAN REPUBLIC.....	460	600	600	755	470	730
EL SALVADOR.....	2,099	2,203	3,130	2,158	2,525	1,600
GUATEMALA.....	1,688	1,925	2,255	1,859	2,236	1,733
HAITI.....	320	340	305	425	296	317
HONOURAS.....	510	635	705	739	659	1,027
JAMAICA.....	6	14	4	12	2	5
MEXICO.....	1,718	1,690	2,156	2,660	2,450	2,600
NICARAGUA.....	531	496	608	737	848	845
PANAMA.....	16	---	---	25	13	15
TRINIDAD-TOBAGO.....	41	13	55	29	41	36
US-HAWAII.....	8	---	---	---	---	---
US-PUERTO RICO.....	---	---	---	---	---	---
TOTAL.....	8,604	9,366	11,055	10,551	10,667	10,131
SOUTH AMERICA:						
BOLIVIA.....	61	73	68	78	83	88
BRAZIL.....	9,920	6,370	19,500	15,000	2,300	10,000
COLOMBIA.....	6,644	6,250	7,400	7,100	7,900	8,300
ECUADOR ^{3/}	812	625	1,113	1,026	1,219	1,115
GUYANA.....	1	---	---	---	---	---
PARAGUAY.....	31	29	19	---	---	---
PERU.....	745	750	640	650	750	800
VENEZUELA.....	310	255	95	377	159	340
TOTAL.....	18,524	14,351	28,835	24,250	12,411	20,643
AFRICA:						
ANGOLA.....	3,228	3,095	2,895	1,140	1,140	1,340
BENIN.....	14	12	13	13	13	14
BURUNDI.....	319	345	445	290	385	295
CAMEROON.....	1,214	1,213	1,766	1,279	1,200	1,530
CENT AFRICAN EMPIRE.....	167	179	164	155	155	195
CONGO, BRAZZAVILLE.....	15	9	14	19	19	19
EQUATORIAL GUINEA.....	112	100	105	85	85	95
ETHIOPIA.....	1,429	1,005	1,340	1,175	1,275	1,275
GABON.....	15	8	9	9	9	9
GHANA.....	69	31	36	50	49	55
GUINEA.....	145	100	94	84	84	94
IVORY COAST.....	4,244	3,219	4,432	5,066	4,733	3,250
KENYA.....	972	1,073	1,082	1,213	1,639	1,415
LIBERIA.....	72	60	63	62	78	78
MA DAGASCAR.....	874	865	1,160	1,060	1,160	1,060
NIGERIA.....	46	11	12	10	---	10
RWANDA.....	203	260	250	295	295	295
SIERRA LEONE.....	102	62	120	78	162	112
TANZANIA.....	847	678	845	830	880	830
TOGO.....	217	177	197	152	187	172
UGANDA.....	3,150	3,078	2,978	2,778	2,678	2,578
ZAIRE (CONGO, K).....	1,118	1,184	1,017	1,266	1,300	1,367
TOTAL.....	18,571	16,764	19,037	17,109	17,526	16,088
ASIA:						
INDIA.....	675	730	970	729	941	1,008
INDONESIA.....	1,484	1,795	1,700	1,965	1,920	2,053
MALAYSIA.....	---	---	---	---	---	---
PHILIPPINES.....	4	---	100	110	150	200
PORTUGUESE TIMOR.....	51	50	64	64	55	65
VIETNAM.....	---	---	---	---	---	---
YEMEN.....	44	20	30	30	30	35
TOTAL.....	2,258	2,595	2,864	2,898	3,096	3,361
OCEANIA:						
NEW CALEDONIA.....	15	14	14	14	14	14
PAPUA NEW GUINEA.....	441	584	628	645	694	611
TOTAL.....	456	598	642	659	708	625
WORLD TOTAL.....	48,413	43,674	62,433	55,467	44,408	50,848

^{1/} Coffee marketing year begins about July in some countries and in others about October. Exportable production represents total harvested production minus estimated domestic consumption. ^{2/} 132,276 pounds. ^{3/} As indicated in footnote 1, the coffee marketing year begins in some countries as early as July. Ecuador is one of these countries. Hence, the crop harvested principally during June-October 1977 in that country is shown as production for the 1977/78 marketing year. In Ecuador, however, this is referred to as the 1976/77 crop.

NOTE: Production estimates for some countries include cross-border movements.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of U.S. Agricultural Attaches and Foreign Service Officers, results of office research, and related information.

GREEN COFFEE: VALUE OF EXPORTS BY SPECIFIED PRODUCING COUNTRIES
1972-76 1/

(In million U.S. dollars)

Country	1972	1973	1974	1975	1976 <u>2/</u>
Costa Rica	78	94	125	97	154
Dominican Republic ..	25	43	30	43	103
El Salvador	106	157	161	230	403
Guatemala	105	146	173	164	243
Haiti	14	21	16	23	51
Honduras	27	45	44	57	101
Mexico	86	157	170	184	393
Nicaragua	33	44	46	48	119
Brazil	989	1,244	864	855	2,398
Colombia	429	598	623	675	977
Ecuador	47	65	68	67	208
Peru	15	69	35	49	106
Venezuela	16	19	23	18	38
Angola	132	199	229	200	149
Ethiopia	79	90	73	74	155
Ivory Coast	143	208	262	254	642
Kenya	69	102	107	99	220
Tanzania	54	69	53	65	155
Uganda	158	203	231	212	298
India	38	60	75	85	142
Indonesia	77	77	98	100	217
Total specified countries	2,720	3,710	3,506	3,599	7,272

1/ Coffee exports from these countries represent around 90 percent of total world exports.

2/ Preliminary.

Compiled from official statistics of foreign governments, reports of agricultural attaches and Foreign Service officers, trade reports, and other related source materials.

GREEN COFFEE: U.S. IMPORTS, BY COUNTRY OF ORIGIN, 1973-77
(In 60 kilogram bags)

Continent and Country	1973	1974	1975	1976	1977 ^{1/}
North America:					
Costa Rica	284,951	268,181	191,892	179,187	271,985
Dominican Republic	508,241	380,664	336,295	550,709	584,501
El Salvador	1,047,283	1,111,021	1,018,441	1,044,865	1,037,031
Guatemala	1,111,003	1,096,322	874,416	748,707	832,294
Haiti	110,127	114,138	81,164	152,163	92,002
Honduras	254,685	178,541	400,550	317,694	218,629
Mexico	1,641,246	1,323,877	1,661,937	1,868,685	1,406,341
Nicaragua	146,976	65,931	70,868	154,768	119,342
Panama	7,934	0	30,223	84,334	77,418
Trinidad and Tobago	23,880	3,473	22,532	12,585	1,285
Other	675	141,156	6,899	46,679	3,942
Total North America ...	5,137,001	4,683,304	4,695,217	5,160,376	4,644,770
South America:					
Brazil	4,626,691	2,725,379	3,747,843	3,091,502	2,452,696
Colombia	2,878,420	3,089,719	3,400,400	2,687,712	1,950,946
Ecuador	435,709	511,568	693,607	766,817	504,570
Peru	476,386	286,026	530,452	432,088	461,093
Venezuela	174,163	245,745	182,117	287,807	155,437
Other	31,550	12,120	37,628	37,024	24,955
Total South America ...	8,622,919	6,870,557	8,592,047	7,302,950	5,549,697
Africa:					
Angola	1,695,502	2,395,942	1,202,066	870,707	49,124
Burundi	226,097	97,546	271,925	146,477	113,847
Cameroon	364,274	248,465	160,881	145,956	108,385
Ethiopia	1,061,506	505,439	532,683	702,917	288,118
Ivory Coast	1,150,074	748,635	965,543	1,329,698	673,175
Kenya	118,322	183,563	231,798	232,164	212,032
Madagascar	322,442	368,574	318,570	392,411	212,358
Rwanda	144,995	285,277	344,117	377,364	125,312
Tanzania	247,389	163,022	276,560	225,877	216,039
Uganda	938,082	939,672	958,362	940,962	966,322
Zaire	307,625	313,050	297,584	215,138	305,710
Other	264,464	126,388	137,343	127,873	134,994
Total Africa	6,840,772	6,375,573	5,697,432	5,707,544	3,405,416
Asia and Oceania:					
India	241,052	106,931	257,536	196,913	158,165
Indonesia	627,736	941,517	764,884	1,082,016	859,684
Papua New Guinea	229,040	171,470	179,002	240,961	155,757
Other	70,384	59,296	32,002	63,487	16,669
Total Asia and Oceania ..	1,168,212	1,279,214	1,233,424	1,583,377	1,190,275
Other countries	84,618	36,841	70,387	33,594	17,532
Grand Total	21,853,522	19,245,489	20,288,507	19,787,841	14,807,690

^{1/} Preliminary.

Compiled from U.S. Bureau of Census data.

GREEN COFFEE: U.S. GROSS IMPORTS FOR CONSUMPTION BY MONTHS, 1973-77
(In 60 kilogram bags)

Month	1973	1974	1975	1976	1977 <u>1/</u>
January	1,996,285	2,182,348	1,851,613	1,664,327	1,994,147
February	1,844,698	2,021,633	1,656,028	1,743,777	1,706,674
March	2,100,438	2,457,448	1,534,871	2,311,082	1,839,178
April	2,049,536	2,264,222	1,448,487	1,636,324	1,824,133
May	2,494,016	1,870,680	1,365,017	1,546,394	1,223,533
June	1,714,696	1,528,705	1,735,631	1,863,977	1,136,816
January-June ...	12,199,669	12,325,036	9,591,647	10,765,881	9,724,481
July	1,572,749	1,499,043	1,625,743	1,909,138	755,821
August	1,731,386	1,152,052	1,867,525	1,636,634	695,029
September	1,403,295	820,716	2,533,330	956,398	678,095
October	1,628,443	739,702	1,783,726	1,012,923	635,077
November	1,637,462	1,159,285	1,587,478	1,648,566	971,964
December	1,680,518	1,549,655	1,299,058	1,858,301	1,347,223
July-December ..	9,653,853	6,920,453	10,696,860	9,021,960	5,083,209
Calendar year total	21,853,522	19,245,489	20,288,507	19,787,841	14,807,690
ICO year <u>2/</u>	21,895,087	20,743,270	19,066,887	19,938,313	16,373,216

1/ Preliminary.

2/ Year ending September 30 of year shown; ICO is International Coffee Organization.

Compiled from U.S. Bureau of Census data.

GREEN COFFEE: U.S. GROSS IMPORTS BY COUNTRY OR AREA OF ORIGIN
AVERAGE 1966-70, ANNUAL 1974-77

	Average 1966-70		1974		1975		1976		1977 <u>1/</u>	
	Mil. bags <u>2/</u>	Per- cent	Mil. bags <u>2/</u>	Per- cent	Mil. bags <u>2/</u>	Per- cent	Mil. bags <u>2/</u>	Per- cent	Mil. bags <u>2/</u>	Per- cent
Brazil	6.32	29	2.73	14	3.75	19	3.09	16	2.45	17
Africa and Asia	7.74	36	7.65	40	6.93	34	7.29	37	4.60	31
Europe	<u>3/</u>	--	.04	--	.07	--	.03	--	.02	--
Mild Coffees:										
Colombia	2.76	13	3.09	16	3.40	17	2.69	13	1.95	13
Other South America	1.25	6	1.05	6	1.44	7	1.52	8	1.15	8
Mexico and Central America ..	3.24	14	4.04	21	4.25	21	4.40	22	3.96	27
Caribbean43	2	.64	3	.45	2	.76	4	.68	4
Total Milds ..	7.68	35	8.82	46	9.54	47	9.37	47	7.74	52
Total World ..	21.74	100	19.24	100	20.29	100	19.78	100	14.81	100

^{1/} Preliminary. ^{2/} 60 kilogram bags of 132.276 pounds each. ^{3/} Less than 10,000 bags.

Compiled from U.S. Bureau of Census data.

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